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Canada's Meat and Livestock Outlook

Changes in World Tea Trade

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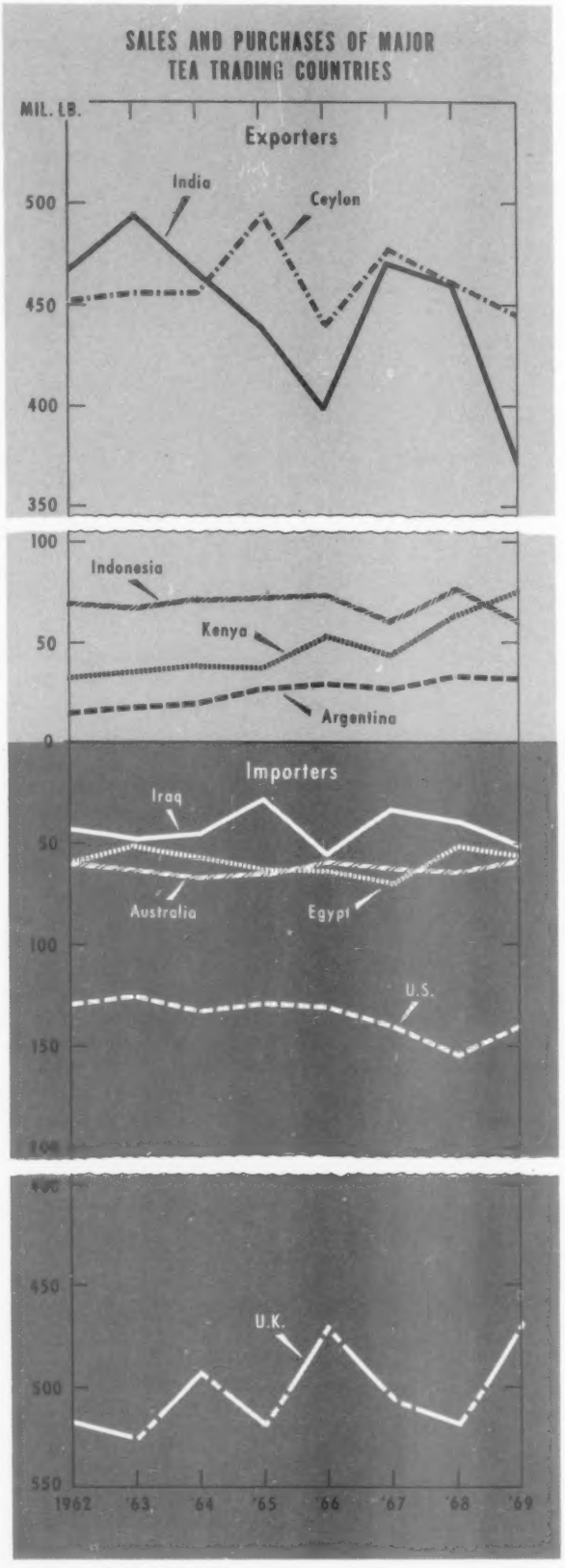


Changing Patterns of World Tea Economy

By JOHN I. KROSS
Sugar and Tropical Products Division
Foreign Agricultural Service

In recent years bumper crops have become almost axiomatic in the world tea economy, and 1970 is no exception. World production, excluding Mainland China, is forecast at 2,366.2 million pounds—36 million pounds over the record 1969 harvest. The continued expansionary trend is attributed largely to prospects of record harvests in India and Kenya, although Ceylon's 1970 crop is expected to be somewhat lower than last year's.

On a percentage basis, the greatest production gains have been in Africa and South America, which have more than doubled their share of the world tea crop—from 5 percent in 1955 to 13 percent in 1970. India and Ceylon, the two largest tea-producing nations, have suffered declines in their shares of total world production. From 43 percent of the world's total in 1955, India's share fell to only 38 percent in 1970; and Ceylon's share is expected to fall to 21 percent from 24 percent during the same period. Ceylon's drop in tea production is the result of less favorable weather and a new quality improvement program, wherein producers are emphasizing quality through more selective plucking.

As a group, the other Asian tea producers (primarily Japan, Indonesia, Taiwan, Pakistan, and the USSR) have been able to retain their share of total world production, holding steady at about 28 percent.

World tea exports (including estimates for Mainland China) in 1969 totaled 1,290 million pounds, off nearly 5 percent from 1968 shipments of 1,353 million pounds. Attributed to a 95-million-pound reduction in total Asian exports, this decline reflected smaller shipments by India, Ceylon, and Indonesia in particular. At the same time, African tea exports were at a record 213 million pounds, a gain of 18 percent over the preceding year, while South American exports remained at their 1968 level of 39 million pounds.

World tea exports for 1970 are expected to recover somewhat from the relatively low 1969 level, but are not expected to equal the record 1968 shipments of 1,353 million pounds. Coupled with the larger exports in 1970, higher tea prices should help boost foreign exchange earnings in tea-exporting nations dramatically.

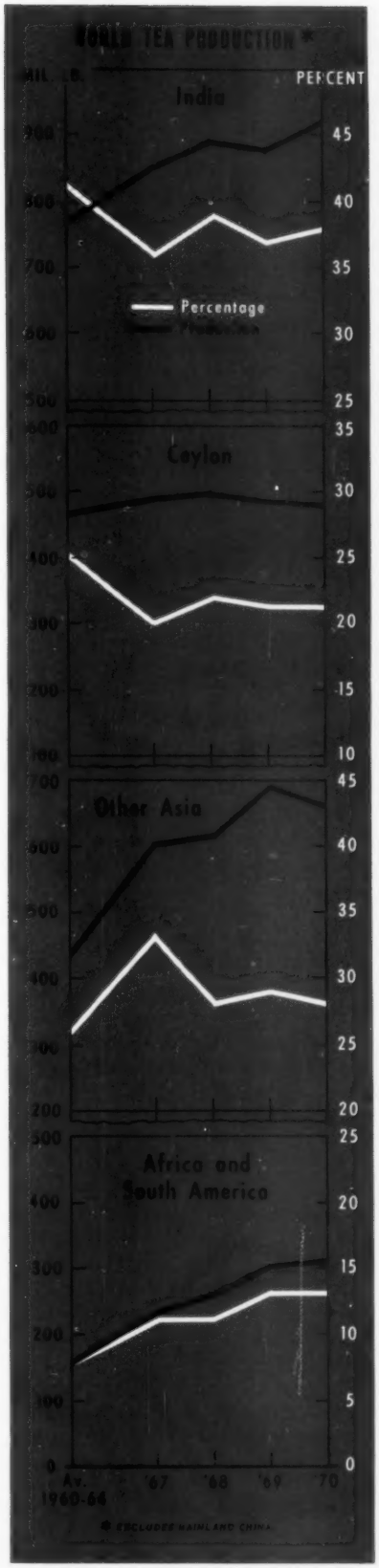
Although both world production and exports have exhibited an upward trend over the years, tea production levels have been rising at a faster rate than have export levels. During 1957-59 exports averaged 65 percent of production, declining to 60 percent during 1962-64 and to 52 percent in 1969.

Most of the relative decline in tea exports can be explained by rising domestic consumption in the producing countries themselves. India's domestic market now absorbs one-half its production, while Pakistan—formerly a tea exporter—now requires imports to meet a rising internal demand. Japan, Iran, and the USSR also absorb nearly all of their tea harvests.

Tea prices—unlike the widely fluctuating levels experienced by coffee and cocoa prices—have remained fairly stable, although the general trend in recent years has been downward. Tea is not a homogeneous commodity, and importing countries have pronounced preferences for teas of particular types and often of a particular origin. Thus, tea prices vary widely as to origin and types and forms offered for sale.

Over the past decade, tea values have shown a definite decline. Some strengthening occurred in 1970 because of a lower London stock position. This resulted in part from a dock strike in

(Continued on page 16)



By TERRENCE G. NORMAN
Office of U.S. Agricultural Attaché
Ottawa

Canada Expected T

Consumption of Beef, P

The Canada Department of Agriculture (CDA) expects Canada's consumers to markedly increase their per capita consumption of beef during the next decade but to eat only slightly more pork than they now do. This was the forecast contained in the Department's publication *Outlook '71*, which was prepared for the recent Canadian Agriculture Outlook Conference.

The Department said that rising income levels, population growth, and an apparent strong consumer preference for beef—which encouraged substantial increases in beef consumption in the 1960's—seem likely to boost use of beef during the next 10 years. Recent CDA projections of per capita beef and veal consumption in Canada to 1980 range from a low of 111 pounds to a high of 119 pounds.

These projections show increases ranging from 19.1 to 27.1 pounds above the 1967-69 average. Total Canadian beef and veal demand for 1980 is projected to increase from 1.9 billion pounds in 1967-69 to about 3 billion pounds in the next 10 years.

Using U.S. Department of Agriculture estimates published in May 1970 (which forecast U.S. beef and veal per capita consumption at 130 pounds by 1980), Canadian officials suggest that combined Canadian and U.S. consumption of the two meats will increase by about 37 percent to 33.5 billion pounds from the 1969-70 average consumption of 24.5 billion pounds.

Livestock in Canada. Left, sow and piglets at Woodstock, Ontario. Above, a beef herd on feedlot at Hughton, Saskatchewan. Far right, ewes near Ste. Anne de la Pocatiere in Quebec.

Canadian per capita demand for pork by 1980 is forecast at only slightly more than the 1967-69 average—54 pounds per person per year compared with the 3-year average of 53.1 pounds.

CDA believes Canadian and U.S. situations in 1980 will be similar. U.S. per capita pork consumption is expected to increase just slightly in the next decade—by 1.3 pounds—from 64.7 pounds in the late 1960's to about 66 pounds in 1980.

To sustain even this modest rise in per capita consumption, total Canadian pork production must increase by almost 25 percent by 1980 just to keep up with expected population growth. On the other hand, the United States

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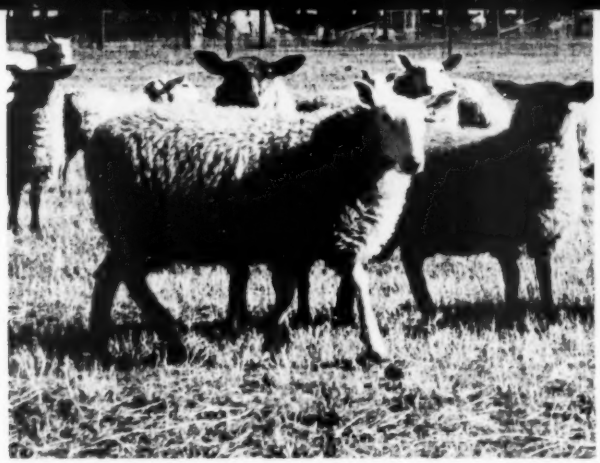

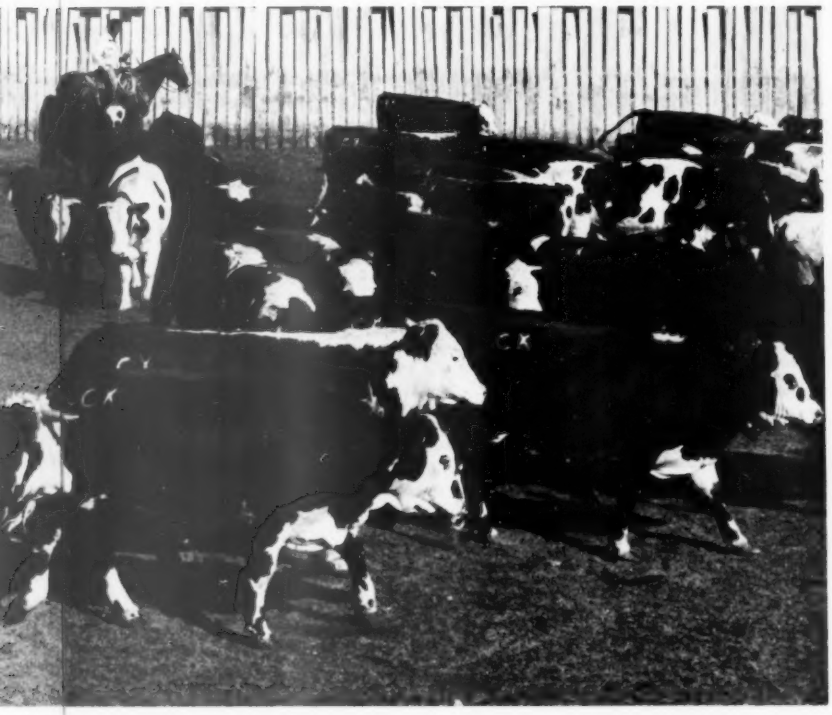

must increase its pork production by almost 20 percent to match expected U.S. population growth.

In addition to looking at future prospects, Canadian agricultural experts also looked at the present. The Dominion Bureau of Statistics (DBS) released the results of its latest survey of the livestock industry.

DBS reported that on June 1, 1970, there were 13.1 million head of cattle on Canadian farms, 4 percent more than the June 1, 1969, total of 12.6 million. This was the largest yearly increase in Canada's cattle inventory since 1964. Canada's cattle numbers have been increasing since 1968, after dropping for the previous 3 years from the 1965 record high of 13.3 million head.

Recent increases in beef cow numbers, up 4.9 percent from a year earlier, parallel the rise in total cattle numbers. In western Canada, for example, beef cow numbers mounted by 5.3 percent —from 2.4 million head to 2.5 million. In eastern Canada, the increase was only 2.8 percent to 542,100 head. Beef heifers increased by 59,400 head, or 5.7 percent, all of the increase occurring on western Canadian farms.

During the third quarter of 1970 (July-September), marketings of choice and good grade beef carcasses averaged 37,363 head a week compared with 32,866 head per week for the same months in 1969.

Fed cattle slaughter (choice and good grades combined) has risen at an average rate of 11.5 percent annually—from 789,640 head in 1959 to nearly 1.7 million head in 1969. This uptrend is expected to continue for the next few years because of anticipated increases in beef cows and calves.

The June 1970 Canadian calf crop was larger than it was a year earlier—3.6 million head in June, up 6.3 percent over 1969's total. By area, the increase was 7.3 percent (or 164,000 head) in western Canada, and 4.3 percent (or 50,600 head) in the east.

In addition to a larger calf crop, there are also other indicators that more stock will be available for feeding. There was a drop in calf slaughterings during 1970, a reduction in exports of feeder cattle, and a change in the slaughter ratio of cattle and calves.

DBS reported that total commercial calf slaughter in 1969 was 903,500 head, down from 1.3 million head in 1965. The 1965 ratio of cattle to calf slaughter was 2.6 to 1. By 1969, this ratio had increased to 3.6 to 1, but DBS said this was still much lower than the U.S. ratio of 7.2 to 1 for 1969.

There are a number of reasons for the decline in Canadian veal slaughterings. In eastern Canada, dairy cows—the main source of veal for slaughter—declined by 67,400 head between June 1, 1965, and June 1, 1970. More dairy calves are being fed out as beef.

A similar decline in calf slaughterings took place in western Canada, where dairy cow numbers dropped by 77,000 head during 1965-70. There is also a growing tendency to withhold beef females for herd expansion and to stock feedlots with more beef heifers. Both of these have reduced the number of calves available for veal slaughter.

During the next few years, the trend

toward feedlot feeding of a larger proportion of the annual calf crop should continue to grow. The previously noted cattle to calf slaughter ratio indicates that even after making allowances for herd replacements, there is still some leeway in the number of calves that could go into feedlots in Canada. As a result, veal slaughter will probably continue to decrease in the early 1970's. However, the fact that Canada's calf crop in 1970 showed its first increase since 1965 could indicate a slowing of this downtrend in calf slaughter.

On September 1, 1970, the DBS quarterly hog survey revealed that there were an estimated 7.3 million hogs on Canadian farms. This was 200,000 more than the June figure—7.1 million, which was in turn up 22.8 percent from the 5.8 million recorded 1 year earlier. The record was 7.4 million hogs on June 1, 1943.

The general hog production uptrend indicates that farmers, particularly in western Canada, are continuing to step up output. However, the farrowing estimate for the September-November quarter shows the smallest percentage of gain in any 3-month period since June-August 1969, and indicates that producers are tempering their expansion plans.

Hog slaughterings in Canada are again on an upcurve. The third quarter of 1968 showed a slump in slaughterings, the total dropping 5 percent below the same quarter of the year before. This downtrend continued until the fourth quarter of 1969, when slaughterings rose 1 percent from the same quarter in 1968. This upward movement has continued since, and slaughterings in July-September 1970 increased 21 percent above 1 year earlier.

DBS estimates of farrowings for March-May 1970 were expected to lead to a 25-percent increase in hog gradings during the last quarter of 1970. Based on this estimated increase, hog gradings for 1970 would total about 8.7 million head, 17 percent above the 1969 total of 7.5 million head. This expected total would exceed the 1969 level (second highest on record), and would be only slightly under the record high of 8.9 million in 1944.

The DBS September 1 hog survey showed that farrowings during June-August 1970 were up 24.1 percent from the same months in 1969, 12.7 percent in eastern Canada, 39 percent in western Canada. If marketings are in keeping with predicted farrowings, hog gradings for the first quarter of 1971 could register an increase of about 20 percent over the 1970 first quarter.

This expected first-quarter increase may be tempered somewhat by a reduced rate of increase in farrowings predicted for the September-November 1970 period. Most of the hogs farrowed during these months will move to market during the spring of 1971. If this schedule is followed, gradings in the April-June 1971 period should show a parallel increase of almost 9 percent compared to the same quarter in 1970.

There has, however, been clear indication of a changing feedgrain situation in both Canada and the United States which has led to a sharp increase in the cost of feedgrain inputs. Because of these higher feed costs, some modification in previous production and marketing plans may have occurred in the last quarter of 1970.

For the second half of 1971, Canada's hog gradings will depend on the number of piglets born from December 1970 to May 1971.

It is expected that farrowings during these months will probably be considerably lower than during the same period 1 year earlier. Profits in the last quarter of 1970 and in the first quarter of 1971 are expected to drop below those of 1 year earlier because of higher feed prices and lower selling prices.

Canadian sheep and lamb numbers increased 1.7 percent—from 883,000 in June 1969 to 898,000 a year later; and this may indicate greater interest in lamb production, particularly in western Canada. Numbers there were increased by 8.1 percent (36,000 head).

According to DBS, sheep and lambs declined 4.8 percent (21,000 head) in eastern Canada. The greatest percentage increase was in Manitoba (14.6 percent), followed by Alberta with 13.3 percent. With the exception of British Columbia (up 1.7 percent) and Saskatchewan (which reported no change), all other Provinces recorded declines between June 1, 1969, and June 1, 1970.

The June 1, 1970, DBS survey also reported that Canada's 1970 lamb crop was 1.2 percent larger than that of a year earlier, up 9.5 percent in western Canada, but down 7.6 percent in eastern Canada.

Left, roundup of beef cows and calves from community pasture in western Canada. Below, steers arrive in a Saskatchewan feedlot.

Output of Wheat Drops In Australia

A decline in the 1970-71 wheat harvest, combined with good domestic sales and export prospects, should soon help alleviate Australia's burdensome wheat carryovers of the past 2 years. Production estimates for this year's crop are in the area of 310 million bushels (8.4 million metric tons), more than 20 percent below the 400-million-bushel harvest of 1969-70. Assuming that exports in 1971 are maintained at the 300-million-bushel level, an estimated carryover of about 175 million bushels is expected by November 30, 1971. This is comparable to the 265-million-bushel carryover of a year earlier.

Dry weather in northern New South Wales, parts of Queensland, and Western Australia during the early part of the current crop season seriously affected wheat yields and harvest prospects. However, the outlook improved somewhat during November, following the rains of September and October.

Some of the lower output also can be attributed to smaller plantings as a result of the Government's policy of lower farmer delivery quotas for the 1970-71 crop. Quotas for some States were reduced by as much as 20 percent. On the other hand, hard wheat quotas were increased in the principal producing areas of Queensland and New South Wales in an effort to increase Australia's stocks of the harder types.

However, drought in Queensland and northern New South Wales early in the growing season has frustrated hard wheat promotion efforts this year. Queensland's hard wheat production is now estimated at about 4 million bushels, the lowest output in years. Prime hard wheat production in New South Wales is expected to drop to about 15 million bushels, or about 40 percent below 1969-70.

An estimated 270 million bushels from the 1970-71 wheat crop will be delivered to the Australian Wheat Board. This, combined with last year's carryover, will make a total of 535 million bushels available for disposal this year.

Left, transferring wheat from elevator to rail in Australia. Above, loading for export on ship.

The 265-million-bushel carryover on November 30, 1970 was somewhat below earlier estimates as a result of greater foreign demand for Australian wheat during 1970 than had been anticipated. Wheat and flour exports for the 1969-70 marketing year (Dec. 1-Nov. 30) totaled 298 million bushels (8.1 million metric tons), while domestic sales reached 59 million bushels (1.6 million metric tons). This was only slightly below the record sales level of 375 million bushels (10.2 million metric tons) in 1966-67.

Mainland China, Australia's largest wheat customer throughout the decade, accounted for about 31 percent of Australian wheat exports in 1969-70 (December-November). Other major destinations during the year were the United Kingdom, 15 percent; Japan, 11 percent; Malaysia, 3.8 percent; and the United Arab Republic, 3.7 percent.

Wheat sales to the United Kingdom, the Middle East, Africa, and the Far East were increased substantially in 1969-70 over their 1968-69 levels. In the Middle East, export increases were particularly notable to the United Arab Republic, Iraq, Saudi Arabia, and Aden, while Ethiopia, Mozambique, and the Sudan accounted for the larger trade with Africa.

The Australian Wheat Board has already made substantial forward export sales of wheat for shipment during 1970-71, and total exports during the year are expected to again approach 300 million bushels (8.2 million tons).

Heavy rains in September and December greatly encouraged the planting of summer grains. Record acreages of grain sorghum have been planted, and the 1971 crop could be well over 1 million metric tons. The bulk of this would be available for export to Japan.

A record harvest of barley also is now expected, and oat production should be higher this year than last. Crops in excess of 100 million bushels seem likely for these grains in 1971.

In the light of these present crop situations, it seems likely that Australia will have record grain exports during 1971. Improved world grain prices, as well as the smaller feedgrain supplies in other major export countries, should allow Australia to market its grain under extremely favorable conditions.

Left, a live tom turkey—a novelty to Japanese—steals the show from two pretty girls at the leadoff of the Prima turkey promotion in Japan.

Japanese Consume

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U.S. turkey products as they appear in stores. Left, Japanese housewife examines gift package of Prima turkey rolls featured in 7,000 of Japan's retail food outlets. Above, Mr. H. Hirai, marketing specialist with IAPI, holds a frozen whole turkey.

Traditional oriental dishes are beginning to take on an American flavor as U.S. turkey promotion efforts catch the eye and appetite of consumers throughout Japan. At about 7,000 retail stores displaying promotion posters that say "Hello Turkey," Japanese housewives are buying U.S. turkey which has been processed and seasoned specifically to Japanese tastes.

The promotion is a cooperative venture of the Institute of American Poultry Industries (IAPI) and Prima Meat Packers, Ltd., of Tokyo. Retail sales, begun in August, are now averaging about 70,000 pounds a month and are expected to exceed 175,000 pounds in December.

Previously, turkey meat was almost unknown to the Japanese consumer. Only about 30,000 turkeys are grown on Japanese farms, and U.S. turkey exports to Japan amounted to only 171,000 pounds in 1969. However, with a growing interest in Western foods, Japan has been looked upon as a potentially good market for U.S. turkey.

About a year ago, IAPI convinced Prima it could make sizable profits by introducing high-quality turkey meat to the increasingly affluent Japanese consumers. Thus, in December 1969, Prima began to test market U.S. turkey in two retail markets. Although the

Right, Hong Kong's younger set gets a taste of turkey prepared specially for Chinese palates by IAPI's poultry chef, Herman Leis.

sumers Find

a Tasty Addition

o Traditional Menus

sales were brisk, some housewives complained that the taste of turkey meat was strange and they did not know how to utilize it in traditional dishes. The meat packing company then decided to develop processed dark and white turkey rolls, seasoned and packaged especially for the Japanese market.

In March, Prima agreed to import a minimum of 800,000 pounds of U.S. turkey within 12 months. Prima was to further process the U.S. whole turkeys and introduce the processed products in a minimum of 480 retail outlets throughout Japan.

Two live U.S. turkeys were shipped to Tokyo in August and, with assistance from the Arkansas Poultry Princess and the Arkansas Poultry Cooking Queen, helped launch IAPI promotion efforts. When the group took a Sunday afternoon strut through the heart of Tokyo, thousands of Japanese shoppers saw their first live turkey. Other promotion efforts included point-of-purchase materials, free samples, and widespread advertisements.

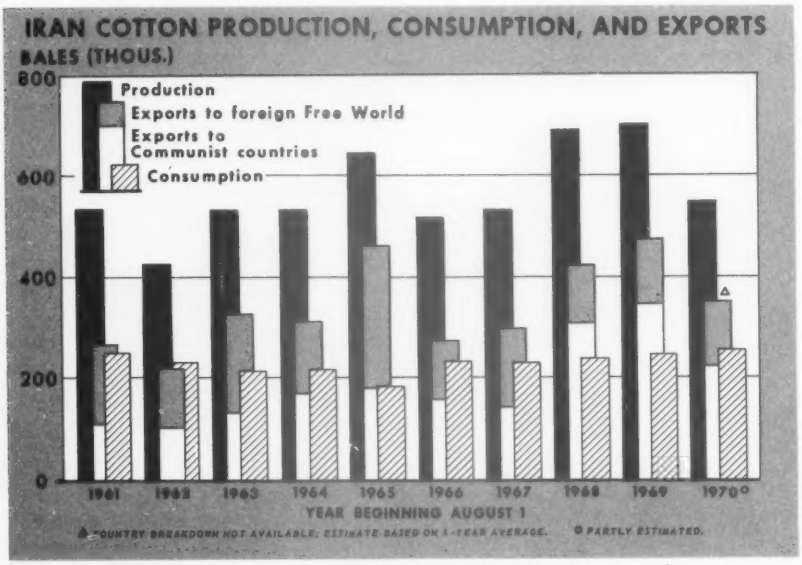
Turkey rolls moved beyond expectation, and by November Prima had ordered almost 1 million pounds, much more than its original 12-month commitment. About 7,000 retail stores were participating in Prima's sales campaign by the end of the year.

Another stage in the promotion campaign focused on the Japanese custom of giving New Year gifts. Food is a favored present, and Prima added turkey rolls to the traditional gift packages of ham, bacon, and sausage.

The favorable reception in Japan is growing every day. Several other large Japanese meat companies are now showing interest in turkey and will probably start developing their own turkey products if sales continue at the present pace. With the 104 million Japanese consumers eating more meat each year, the current market opportunity for U.S. turkey is exceptionally good; and a small investment at this time by turkey producers, processors, and exporters could soon pay handsome dividends.

Looking westward, the IAPI turkey promotion launched in Hong Kong this fall continues to gather momentum (see *Foreign Agriculture*, Dec. 14). Following cooking demonstrations, seminars, point-of-purchase displays, and the publication of a special cookbook, thousands of Hong Kong natives are now enjoying turkey dishes in restaurants and in their homes. In a colony where previously almost all turkey was consumed by foreign residents and tourists, 21 Chinese restaurants are now serving, or making plans to serve turkey on their regular menus.

Hong Kong home economics teacher displays her prize-winning turkey dish. The recipe was originated during IAPI's 3-day turkey-preparation seminar. Right, Herman Leis.



Iranian Cotton Production, Exports Expected To Level Off in the Near Future

By LARENCE OSBORN and HARRY C. BRYAN
Cotton Division
Foreign Agricultural Service

Iran's cotton exports, its second largest foreign exchange earner, are expected to continue competing with U.S. cotton during the next few years. No intensification of rivalry is foreseen, however, because Iran's production should stabilize in the next few years.

Vying with U.S. medium and longer staple upland fibers, Iranian cotton is highly regarded both in world markets and by the country's domestic textile mills. In recent years, about three-fourths of Iran's exports have been shipped under trade agreements to Communist countries, mainly the USSR, Czechoslovakia, Hungary, Romania, and Poland. The rest has gone mostly to Japan and the United Kingdom—major U.S. markets—and Yugoslavia. Exports to the USSR, largest customer for Iranian cotton, may be down this season, however, because of a reportedly large Soviet crop.

Iran's foreign earnings from cotton exports are exceeded only by those from petroleum and petroleum products. Cotton exports in 1970-71 (August-July crop year) are estimated at 350,000 bales (bales of 480 lb. net), compared with 475,000 bales a year earlier and the previous record of 459,000 bales in 1965-66. Shipments should remain at around 350,000 to 400,000 bales a year, since cotton production is not expected to increase appreciably in the next few years.

Recent indications are that 1970-71 cotton production in Iran may be around 625,000 bales, up from an earlier estimate of 550,000 bales because of less-than-expected insect damage and good weather in rain grown areas. Nevertheless, the crop is expected to be well below the record 710,000 bales produced in the previous year. Acreage planted to cotton this season—790,000 compared with 940,000 in 1969-70—is down because of farmer discontent over last year's low profits, resulting from heavy insect damage to the crop and lower cotton prices.

This year's cotton prices, however, were higher than last year's, and as a result, farmers are likely to increase cotton acreage slightly next season, possibly taking land out of wheat, sugarcane, and in some areas, sunflowerseed. This would reverse a downtrend in acreage begun in 1962-63, caused by increased production costs and strong competition from food crops.

Despite Government support, however, cotton acreage is expected to be down again in the next few years, offsetting production increases stemming from greater use of technology and improved cotton varieties, as well as the extension of irrigation facilities. As a result, cotton production should stabilize around 800,000 to 900,000 bales per year in the near future, depending on the weather and insect damage.

Over the past 15 years, cotton production in Iran has increased an average of about 26,000 bales annually, and yields per acre have gained about 11 pounds per year. Cotton area has risen an average of 19,000 acres annually during the period.

The Government's goal of increasing average yields 100 pounds over the present 380 pounds per acre, which was proposed in the fourth Five Year Plan, should help to offset the expected acreage reductions.

Under the Plan, begun in 1968, the Ministry of Agriculture furnishes technical assistance to farmers and subsidizes fertilizer and insecticide costs, plus part of the interest on loans for farmers participating in the programs. If farmers follow the instructions of extension agents, the Government refunds at the end of the season an amount equal to one-third of the cost of fertilizer, 3 percent of the interest accrued on the loan, and all the cost of aerial spraying. Nearly 200,000 acres were scheduled to be covered under the program by 1970-71, and by 1974-75, about 250,000 acres.

Other means of increasing yield—and offsetting acreage reductions—will become available as dams and watershed projects are completed, providing improved and expanded irrigation facilities for cotton growing.

One such dam, on the Aras River in northern Iran (between Iran and Russia), reportedly scheduled for comple-

tion next year, will initially provide water for irrigating 15,000 to 20,000 acres. Later, with more land leveled and the irrigation facilities extended, about 30,000 to 40,000 acres in the area will have irrigation water. In addition, a new, high-yielding variety of long-staple cotton is being developed from the Egyptian Giza 31 especially for the Aras area. This increased production will require additional storage and seed handling facilities as well as ginning equipment.

In addition to providing technical and financial assistance, the Ministry of Agriculture has been helping to raise yields by supplying improved seed and by developing new varieties. Although the seed of these new varieties has become mixed with that of older ones, the new varieties have produced greatly increased yields. The older ones—producing most of the cotton grown in Iran—were selected several years ago from U.S. varieties. The Government cotton organization, which is responsible for all aspects of the industry from planting to final lint classification, has made an effort to prevent new varieties from being mixed with old ones and has been supervising the cotton industry closely in recent years.

Parent stock of Iranian cotton includes Coker 100 Wilt, Acala 1517, and two relatively minor local varieties, Filestani and Boomi, still grown in some areas of the central and southern regions. Two new varieties, Varimine and Sahel, are being developed in sufficient quantities to replace most of the older varieties in all regions except the Fars area, where Acala will continue to be planted. The Sahel variety would be primarily for the Caspian coast region and Varimine for the other irrigated cotton areas.

Discussions with Iranian farmers suggest that direct costs and returns on efficiently operated, "superior" farms and on "average" farms may be roughly as shown in the accompanying table.

(The information given in the table for superior farms pertains, at best, to a relatively small number of the larger, more efficient cotton producers.) Yields of the large farmers are about double the national average, and the prices received reflect higher quality lint. For all types of operations surveyed, costs probably apply more nearly to cotton available for export than to the lower quality fiber used domestically.

This year's somewhat higher cotton prices were due to the short crop and the opening of new gins, which has intensified competition among ginners. The Government controls the number of gins and the amount of ginning equipment by licensing all gins. Reportedly because of the large crop last season, seven new licenses were issued in the Caspian coast region, which included provision for the expansion of gins already existing and for sharply increased ginning capacity there. (Every 4 or 5 years, the Government gives gin operators a chance to replace and improve machinery and equipment.)

DIRECT COSTS AND RETURNS ON "SUPERIOR" AND "AVERAGE" IRANIAN COTTON PRODUCING UNITS

Item	Superior		Average	
	1969-70	1970-71	1969-70	1970-71
Lint per acre ..... pounds	675	700	363	380
Estimated price per pound, lint ..... cents	26.0	28.5	25.5	28.0
Income per acre ..... dollars	166	200	87	106
Direct cost per acre ..... dollars	110	106	62	61
Return per acre over direct cost ..... dollars	56	94	25	45
Direct cost per pound ..... cents	16.3	15.1	17.1	16.1

The textile industry in Iran has changed little in recent years. Cotton consumption in 1970-71 is expected to hover around 240,000 bales, about the same as the level a year earlier. In the past 5 years, consumption has regained most of the losses of the early 1960's. However, cotton textile equipment is rather inefficiently operated for the most part. Also, in recent years, use of imported manmade fiber (mostly rayon) has expanded rapidly—by about 5 percent a year.

Malaysia Plans 30-Year Commercial Dairy and Beef Production Projects

Malaysia, traditionally a deficit dairy and beef producing country, has finalized a 30-year plan for cattle raising projects.

Three of these projects will be located in West Malaysia, and others may be developed if the first ones prove successful. The major purpose of the projects is to achieve self-sufficiency in dairy and beef production. These three projects should also stimulate other Malaysians to go into cattle production.

Each of the three projects will encompass 2,000 to 4,000 acres and have a maximum number of 2,000 cattle, according to the size of the project area. Cost of each plan is estimated at US $1.3 million, and the plans will be developed on commercial lines. Corporations consisting of Government-sponsored agencies, farmers, and the private sector will be formed to finance the three schemes.

Initially the three projects will produce primarily milk. Dairy animals not used for milk production, such as bulls and culled females, will be used for domestic beef production. Progeny of Temperate Zone cattle such as Friesian and Jersey crossed with old Indian mixed breeds such as Zebu will be adopted in the projects. The dairy herd will be given intensive stall feeding of guineagrass or napiergrass plus 1 to 2 pounds of oil-meal concentrates per head per day.

The projects are expected to become fully productive in 4 years. Milk production should be around 500 gallons per cow per lactation period, compared with 200 gallons per cow of local breed. The project will include central cooling stations.

Traditional bias against the livestock industry has precluded private investment in cattle breeding until recently. The three proposed pilot dairies may spearhead the establishment of larger dairies and subsequently pilot beef projects. Although the latter development currently is not looked upon with official favor, the Government boost for dairying may encourage the private sector eventually to undertake initially minor beef projects, by using dairy animals.

Milk powder duties will most certainly be affected by these schemes, to an extent to be determined by domestic milk production.

1970 Sunflower Seed Slump in Eastern Europe May Boost U.S. Soybean Sales

Preliminary figures on 1970 sunflower seed production in the USSR and other Soviet bloc countries, supplied by East European Government and trade officials to a visiting representative of the Foreign Agricultural Service, indicate that availabilities of sunflowerseed oil in East European countries could be 100,000 to 200,000 tons less in 1971 than in 1970. Bad weather in several countries and lower oil content of sunflower seeds in Bulgaria, Yugoslavia, and the Soviet Union contribute to the situation.

Although the complete picture for East European countries may not be available for another month, Yugoslavia and Romania have already expressed interest in imports of U.S. soybeans during 1971 to offset reduced sunflower seed supplies. In addition, Yugoslavia appears ready to import a record 120,000 tons of U.S. soybean oil during 1970-71 to make up for decreased domestic production of sunflower oil and to increase edible oil stocks, which had been drawn down to enable exports in 1969 and 1970.

Further, Soviet officials implied that no increase would occur in USSR exports of edible oils to Western Europe during 1971 in spite of the increased supplies of cottonseed oil from the record 1970 USSR cotton crop. In their opinion cottonseed oil will be retained to compensate for lesser sunflowerseed oil availabilities in Eastern Europe.

Sunflower seed exports from the USSR, Hungary, Yugoslavia, Romania, and Bulgaria will either be down sharply in 1971 or will be suspended. Bulgaria has already embargoed exports of sunflower seeds. Similarly, Yugoslavia is restricting exports of sunflower seed and oil.

Sunflower oil exports from Romania and Bulgaria in 1971 are expected to be below 1970 figures, and Yugoslavia will probably export no edible vegetable oils. The USSR may maintain 1971 sunflower oil exports near the 1970 figure with preferences given to sales to selected Soviet bloc countries and certain traditional West European customers.

The countries with the sharpest preliminary estimated falls in 1970 sunflower seed production compared with 1969 output are Yugoslavia (down 36 percent to 250,000 metric tons), Bulgaria (down 35 percent to 350,000 tons), and probably Romania (down 16 percent to 630,000 tons). In these three countries plus Hungary—where production was also lower in spite of expanded acreage—rains and flooding occurred during much of the 1970 growing season. Then in August a hot, dry period retarded kernel development, reduced oil content of seeds, and delayed the maturing and harvesting of the crop.

While official data are not yet available for the Soviet Union, both acreage and production in 1970 probably approximated those in 1969—around 5.8 million metric tons from 11.9 million acres. But oil content in the sunflower seed harvested in 1970 is averaging below the 45.1 percent of 1969, which was, in turn, lower than in 1968. Lower oil content with its corresponding lower outturn will have a negative effect on sunflowerseed oil production in the USSR in 1971.

While good sunflower seed growing conditions prevailed in the Volga-Don area of the Soviet Union—a major producing region—the weather in the Urals, Moldavia, and the Ukraine—also important—was generally unfavorable. A long, hot, dry, windy period during the pollination season hindered germination and the development of sunflower heads and also was partly responsible for reduced oil content of seeds. In the Ukraine sunflowers came so late to maturity that harvest was delayed into October and November, and in some areas the crop was suitable only for silage.

Herefords to Greece

The first shipment of U.S. Hereford, cattle to Greece left the Richmond, Virginia, port December 11.

The 395 Herefords were nonregistered, unbred, commercial heifers. Also aboard were 165 Angus—the second shipment of U.S. Angus to Greece.

A large share of the cattle came from Montana. The purchase was a result of a private enterprise transaction negotiated with Greek interests.

Japan Liberalizes More Import Quotas

The Japanese Government liberalized import quotas for 10 items on January 1, 1971.

Agricultural items affected include grapes, cake mixes, pasta products, and breakfast cereals.

U.S. exports of the liberalized items, which are currently small, are not expected to increase substantially because of the removal of the quotas. Japanese tariffs on these items are high, ranging from 20 percent for grapes to 25-35 percent for grain products.

The move brings to 40 the total number of agricultural items liberalized since the October 1969 announcement of quota removals, out of some 120 items still under quota at that time.

The Japanese have announced they will reduce the number of items still subject to quotas to 40 by next September.

Mexico Buys Oilseeds

Mexico has just completed a purchase from the United States, for December-January delivery, of 7,500 metric tons of cottonseed, 15,000 tons of cottonseed meal, 42,000 tons of soybeans, and 30,000 tons of soybean meal. In February, Mexico will probably make an additional purchase as large as, or larger than, this one.

This sale is over 5 times the size of the 1969 sales. In that year, Mexico's purchases were only about 4,000 tons of cottonseed, 450 tons of cottonseed meal, 24,000 tons of soybeans, and 800 tons of soybean meal, for a total of under 30,000 tons. Purchases in previous years were much smaller.

International Wine Fair

An International Fair/Exposition of Viticulture and Complementary Industries will be held in Mendoza, Argentina, in March 1971.

The fair is sponsored by the Argentine National Institute of Viticulture, a bureau for promoting grape and wine production, supervised by the Argentine Ministry of Economy.

Also to be held in Mendoza in March will be the XIII International Congress of the International Office of Grapevines and Wine.

Detailed information is available from the Instituto Nacional de Vitivinicultura, Av. Julio A. Roca 651, 6 Piso, Buenos Aires, Argentina.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 13	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.08	+1	1.95
USSR SKS-14	2.05	0	1.78
Australian FAQ	1.88	0	1.71
U.S. No. 2 Dark Northern Spring:			
14 percent	2.06	−1	1.88
15 percent	2.10	0	1.94
U.S. No. 2 Hard Winter:			
13.5 percent	1.98	0	1.73
Argentine	(1)	(1)	1.73
U.S. No. 2 Soft Red Winter	1.90	0	1.58
Feedgrains:			
U.S. No. 3 Yellow corn	1.83	−1	1.48
Argentine Plate corn	1.86	−4	1.46
U.S. No. 2 sorghum	1.62	0	1.47
Argentine-Granifero sorghum	1.60	−2	1.38
Soybeans:			
U.S. No. 2 Yellow	3.32	+5	2.85
Import levies:			
Wheat	1.40	0	1.61
Corn	.63	0	1.00
Sorghum	.73	−3	.92

[1] Not quoted. Note: Basis—30- to 60-day delivery.

Tobacco

Large Tobacco Stocks in Mozambique

Growers of fire-cured and sun-cured tobacco in Mozambique's southern region of Sul do Save reportedly face a bleak future; many tons of this year's crop are waiting in storage with no prospects of being sold.

About 3 years ago, the Mozambique Government encouraged farmers in the area to grow fire-cured and sun-cured tobacco varieties. As a result, production increased rapidly, without regard for market outlets. This year's unsold stockpile suggests there will be a sharp drop in next year's output.

Acreage of all tobacco in Mozambique has doubled and production in 1970 of 14 million pounds is nearly three times the 1960-64 acreage of 5 million. Near-record world tobacco production in 1970 in some other producing countries indicates that surplus stocks may also be growing elsewhere.

Greece Experiments With Flue-Cured Tobacco

Flue-cured leaf has been produced in Greece for many years. Until recently, however, it was generally concluded that the quality of leaf was not suitable to foreign manufacturers, so flue-cured tobacco was not produced on a commercial basis. For burley, by contrast, Greece has gone within a single decade from producing none at all to becoming the world's No. 2 exporter of this type (after the United States) and a competitor with the United States in foreign markets. Duty-free access to the European Community, of which Greece is an associate member, encouraged this endeavor. Now, perhaps partly as a result of this success, Greece will renew efforts to enter international competition in flue-cured tobacco.

Based on recent reports from Greece, a large international tobacco leaf merchant has an arrangement which, beginning in 1971, will initiate the experimental production of flue-cured leaf in six different regions across northern Greece, almost from the Turkish to the Albanian borders. A seventh region in central Greece, near Larissa, is also to have a trial unit. In each of the seven trial units about 12.5 acres of tobacco are to be grown. All the necessary auxiliary facilities, such as curing barn, storage, and warehouse, are to be constructed at each site. Participating growers are to be guaranteed a minimum gross income of 10,000 drachmas ($333.33) per acre for the first trials.

This expanded operation is expected to produce a total of around 70 tons of flue-cured tobacco in 1971 and provide sufficient information to determine the suitability of the different areas for the commercial production of flue-cured.

If these field trials provide sufficient evidence that a flue-cured tobacco of acceptable quality can be grown in Greece, there are great possibilities that production will expand rapidly. In fact, over the next few years the only limiting factor will probably be the ability of the Economic Community to absorb the output. Domestic use of flue-cured tobacco is not expected to be significant within the near future.

U.S. Exports of Tobacco Leaf, Products

U.S. unmanufactured tobacco exports in November 1970 were 72.8 million pounds, down about 2 percent from the 74.7 million pounds exported in November a year ago. However, the value of exports in November, at nearly $75 million, was above the $73 million in November 1969. Flue-cured, the major kind of export tobacco, lost another 6 million pounds in November, since only 50 million pounds went out, compared with 56 million pounds in November 1969.

Cumulative exports for January-November 1970, at about 448 million pounds, are off 10.5 percent from the 500 million in the same 11 months of 1969. Export value during the period, at $428 million, is down 7.5 percent from the $463 million of a year ago. The major loss is in flue-cured tobacco, down 55 million pounds, or about 15 percent.

Exports of U.S. tobacco products, however, continue to grow. The total of about $174 million for the 11 months is up about 23 percent over the $141 million of the same period in 1969. Exports of cigarettes, which make up the principal manufactured export, are 18 percent above those of a year ago.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO

[Export weight]

Kind	November		Jan.-Nov.		Change from
	1969	1970	1969	1970	1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	56,567	50,426	371,285	316,524	−14.7
Burley	6,294	7,261	45,470	41,653	−8.4
Dark-fired Ky.-Tenn.	3,198	2,527	19,115	18,552	−2.9
Va. fire-cured [1]	802	1,388	4,020	5,161	+28.4
Maryland	368	600	9,259	10,799	+16.6
Green River	0	0	440	328	−25.5
One Sucker	106	22	419	472	+12.6
Black Fat	110	235	880	2,574	+192.5
Cigar wrapper	114	216	2,140	1,472	−31.2
Cigar binder	277	56	849	267	−68.6
Cigar filler	94	8	551	403	−26.7
Other	6,758	10,106	45,724	49,638	+8.6
Total	74,688	72,845	500,152	447,843	−10.5
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	73.3	74.8	462.8	427.9	−7.5

[1] Includes sun-cured. Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	November		Jan.-Nov.		Change from
	1969	1970	1969	1970	1969
Cigars and cheroots					*Percent*
1,000 pieces	6,157	7,693	62,533	56,078	−10.3
Cigarettes					
Million pieces	2,027	2,034	22,640	26,795	+18.4
Chewing and snuff					
1,000 pounds	1	0	29	60	+106.9
Smoking tobacco in pkgs.					
1,000 pounds	68	246	978	1,080	+10.4
Smoking tobacco in bulk					
1,000 pounds	2,851	2,767	18,567	20,668	+11.3
Total declared value					
Million dollars	13.8	15.5	141.5	173.6	+22.7

Bureau of the Census.

Sugar and Tropical Products

Pakistan Sugarcane Crop Up

The first official estimate of Pakistan's sugarcane crop for 1970-71, released by the Ministry of Agriculture and Works, is 6 percent above the 1969-70 crop. The 1970-71 area of sugarcane is estimated at 1,906,000 acres compared with the final revised estimate of 1,886,000 for 1969-70. The increase is in West Pakistan, since acreage is estimated to be down slightly in East Pakistan. The area under sugarcane in West Pakistan for 1970-71 is estimated at 1,520,000 acres against 1,400,000 acres the previous year. For East Pakistan, the area under sugarcane is estimated at 386,000 acres against 399,000 acres for 1969-70.

Pakistan is usually a net importer of sugar but in 1970 had some excess sugar for export. Pakistan produced some 875,000 short tons of sugar in 1969-70.

Cotton

U.S. Cotton Exports Double

Raw cotton exports in November totaled 251,000 running bales, more than double the 123,000 bales shipped in Novem-

U.S. COTTON EXPORTS BY DESTINATION

[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-Nov.	
	1960-64	1968	1969	1969	1970
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	0	0	0	0
Belgium-Luxembourg	121	30	19	6	7
Denmark	14	1	(1)	(1)	(1)
Finland	17	3	6	3	0
France	319	88	30	9	5
Germany, West	269	31	26	8	17
Italy	345	62	46	16	9
Netherlands	110	19	19	5	5
Norway	13	5	1	(1)	0
Poland	125	106	51	0	0
Portugal	21	8	2	2	0
Romania	2	0	46	0	0
Spain	74	5	4	1	(1)
Sweden	81	51	37	9	5
Switzerland	74	32	15	4	7
United Kingdom	244	48	38	6	19
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	0	1
Total Europe	1,979	550	344	69	75
Algeria	9	27	11	2	3
Australia	61	0	(1)	(1)	0
Bolivia	7	0	0	0	0
Canada	353	108	181	41	74
Chile	18	(1)	1	(1)	(1)
Colombia	3	(1)	(1)	0	(1)
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	9	1	1	1
Ghana	1	17	27	2	9
Hong Kong	148	194	61	21	18
India	314	174	261	29	6
Indonesia	40	105	242	64	33
Israel	15	1	(1)	(1)	0
Jamaica	4	2	2	1	(1)
Japan	1,192	536	623	136	141
Korea, Republic of	261	447	455	109	125
Morocco	12	19	28	4	2
Pakistan	14	1	16	8	0
Philippines	123	119	146	24	31
South Africa	41	9	4	1	0
Taiwan	209	259	193	38	30
Thailand	34	66	54	6	11
Tunisia	2	0	5	0	0
Uruguay	6	0	0	0	0
Venezuela	8	(1)	(1)	(1)	5
Vietnam, South	46	62	99	19	35
Other countries	9	26	14	3	6
Total	4,924	2,731	2,768	578	605

[1] Less than 500 bales.

ber 1969 and up from October 1970's 181,000 bales.

Exports during the first 4 months (August-November) of the current season totaled 605,000 bales compared with 578,000 bales in the same period in the 1969-70 season. Increased shipments to Canada and the European countries, primarily the United Kingdom and West Germany, account for a large portion of the increase. Larger shipments to the Republic of Korea, South Vietnam, the Philippines, Ghana, and Taiwan also contributed to the overall gain, while exports to India and Hong Kong were down sharply.

Fruits, Nuts, and Vegetables

U.K. Temporarily Reduces Canned Pear Tariff

The United Kingdom has announced a temporary reduction of the import duty on unsweetened canned pears and unsweetened pear pulp and puree. Effective January 1, 1971, the import duty on these items will be reduced to 5 percent ad valorem for a trial period of 6 months. The possibility of extending this reduction will be considered.

Livestock and Meat Products

U.S. Meat Imports Up in November

Meat imports subject to the Meat Import Law during November 1970 totaled 79.3 million pounds. Imports during January-November 1970, at 1,080.6 million pounds, were 6.5 percent above the 1,014.7 million of the same 1969 period.

Imports from the largest supplier—Australia—totaled 38 million pounds. New Zealand followed with 14.9 million pounds, Ireland with 6.8 million, Canada with 6.3 million, Costa Rica with 4.7 million, and Mexico with 4.4 million.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW, BY COUNTRY [1]

[P.L. 88-482]

Country of origin	November		January-November		Change from 1969 January-November
	1969	1970	1969	1970	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Australia	14,655	37,983	520,537	537,903	+3.3
New Zealand	13,590	14,886	206,133	209,186	+1.5
Mexico	4,576	4,406	62,111	74,982	+20.7
Canada	4,981	6,296	37,050	70,038	+89.0
Ireland	1,497	6,799	57,035	59,791	+4.8
Nicaragua	2,463	2,705	36,347	37,482	+3.1
Costa Rica	3,648	4,707	32,422	35,608	+9.8
Guatemala	1,568	60	22,639	22,405	−1.0
Honduras	3,436	—	20,813	15,723	−24.5
Dominican Republic	623	804	10,527	6,736	−36.0
Panama	232	—	2,953	5,101	+72.7
United Kingdom	38	571	4,983	4,442	−10.9
Haiti	111	132	1,195	1,191	−.3
Total	51,418	79,349	1,014,745	1,080,588	+6.5

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW, BY YEAR

[P.L. 88-482]

Imports	November	January-November
	Million pounds	*Million pounds*
1970:		
Subject to Meat Import Law [1]	79.3	1,080.6
Total beef and veal [2]	95.7	1,246.2
Total red meat [3]	131.1	1,670.7
1969:		
Subject to Meat Import Law [1]	51.4	1,014.7
Total beef and veal [2]	64.2	1,133.4
Total red meat [3]	96.1	1,534.8
1968:		
Subject to Meat Import Law [1]	95.8	965.4
Total beef and veal [2]	109.1	1,069.4
Total red meat [3]	145.2	1,467.6

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Fats, Oils, and Oilseeds

Japan Exported More Soybean Oil in 1970

Japan contracted in October and November to export 12,370 metric tons of soybean oil manufactured from imported U.S. soybeans. Shipments have been and are being made to seven countries during October 1970-January 1971. One thousand tons have gone to the United States.

Total 1970 exports of soybean oil may have exceeded 12,600 tons, compared with only 2,933 tons exported in 1969. However, a record 26,735 tons were exported in 1961. The 1970 exports to the United States, though, were a record.

The Japanese export price was reported at about $285 f.o.b. per ton in drums, much below the exceptionally high prices prevailing in the United States and Europe in October and November. In Japan, prices of soybean oil in October and November were reportedly lower than in the previous year, and U.S. and European prices were up 30 percent.

Other destinations for the contracted oil were Iran, Iraq, the Netherlands, Australia, Singapore, and Hong Kong.

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Foreign Agriculture

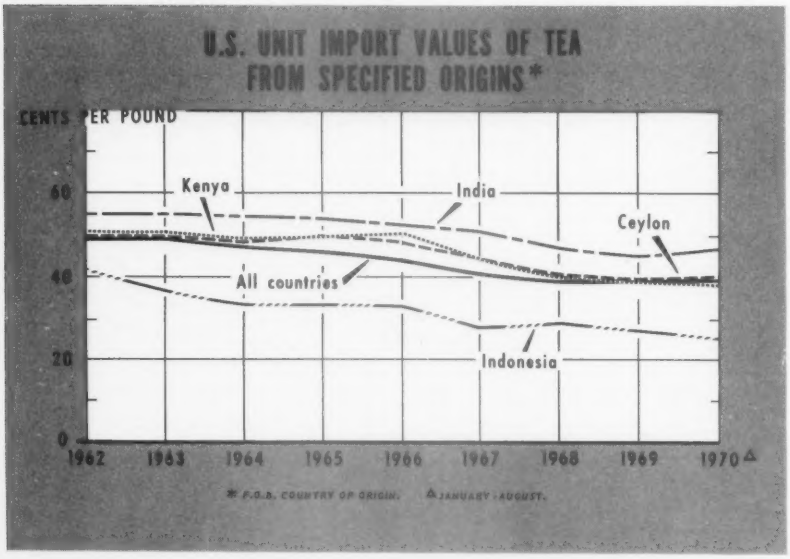
World Tea Economy

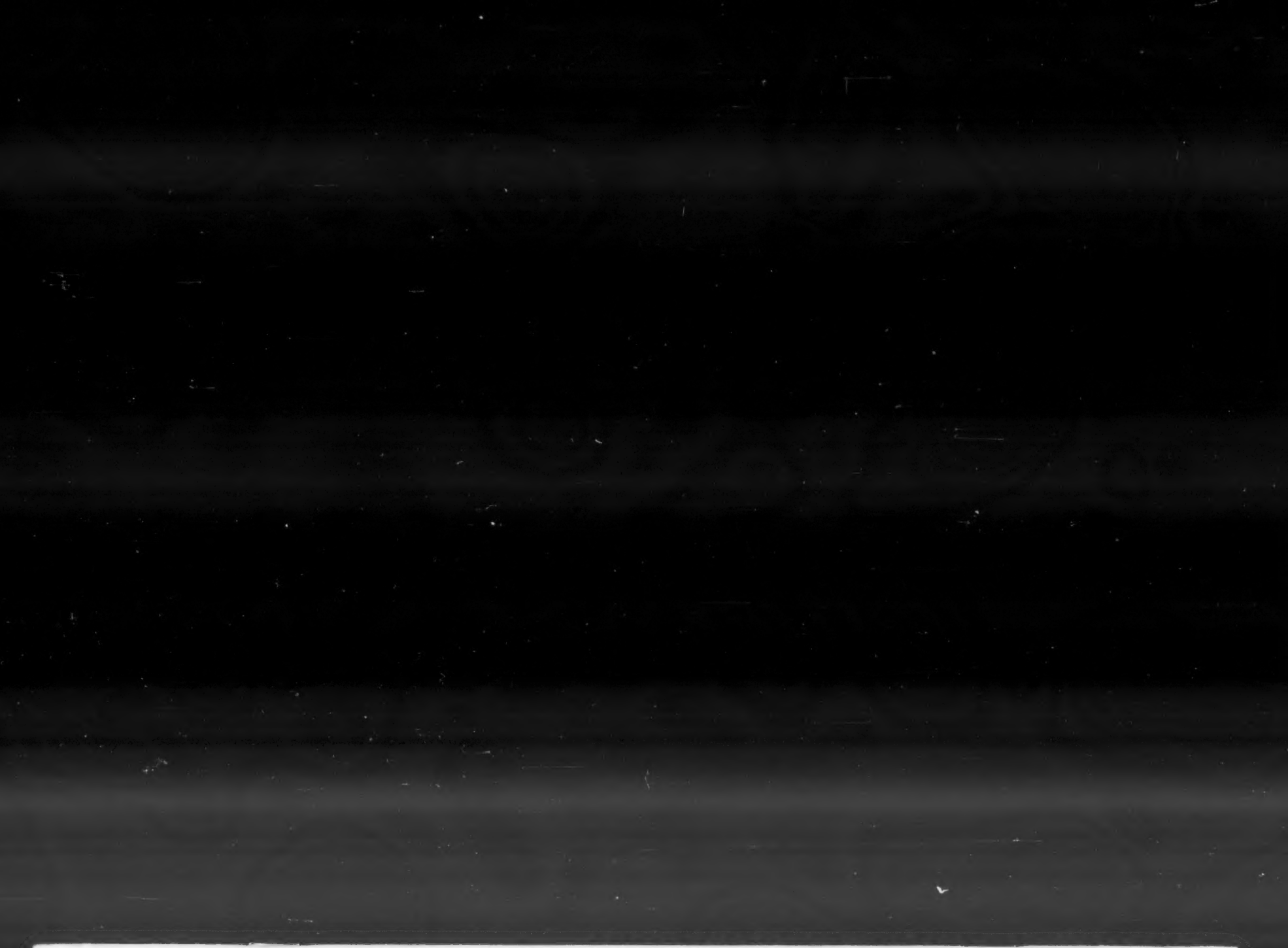
(Continued from page 3)

the United Kingdom and abnormal marketing conditions in India brought about by a port labor strike. The dock strike caused the diversion of some tea destined for export by India back into the domestic market, thus reducing export availabilities. These factors, together with indications that production will be in close balance with consumption, have brought a firmer tone to the market in 1970.

U.S. tea consumption has been steadily increasing, and a persistent rising trend in U.S. imports is evident. Over the years, Ceylon has remained the largest source of U.S. imports, although its share of the U.S. market declined somewhat in 1969. However, India's share has fallen sharply from 27 percent during 1957-59 to only 14 percent of the U.S. market in 1969.

On the other hand, the more competitively priced African teas as a group have captured an increasing share, rising from only 5 percent during 1957-59 to 18 percent in 1969. Indonesia, the third largest source of U.S. tea imports, has been able to maintain its share of the market, accounting for 15 percent in 1969. Other sources (which mainly include re-exports from Europe and Canada and exports by Taiwan, Japan, and South America) have also been able to hold their own.



For a number of years, several tea-producing countries have pressed for the negotiation of an international tea agreement which they feel would be an effective means of curbing the long-term decline in tea prices. However, because of varying economic interests among exporting countries, there is little agreement on this subject. Other countries feel it is best for the tea industry to continue to rely on the behavior of the marketplace.

World tea production will continue to expand in the coming years, as there is no evidence of acreage cutbacks in producing countries. Producers are not planning acreage control measures, and some are expected to attempt to cut production costs by replanting with higher yielding varieties. Hopefully, future bumper crops will be absorbed by a corresponding rise in consumption. Otherwise, tea prices will decline further in the coming year.